RENEWABLE ENERGY
Development Partners, LLC

Via email: executive.director@puc.nh.gov

March 7, 2016

Debra A. Howland, Executive Director and Secretary
State of New Hampshire - Public Utilities Commission
21 S. Fruit Street, Suite 10
Concord, NH 03301-2429

Re: DE 10-212 Commercial and Industrial Solar Rebate Program
Proposed Modifications and Redesign

Dear Executive Director Howland and Commissioners,

Thank you for the opportunity to comment on the proposed modifications to the C&I Solar Rebate Program. I offered verbal comments at the recent public hearing and would like to supplement my comments with these written comments.

As background, REDP is a project development firm developing commercial-scale solar and other renewable energy projects throughout New England, with a focus on projects developed on behalf of public sector entities including municipalities, water and school districts, and public educational facilities. Our projects are typically developed under the "public private partnership" model, wherein we develop, finance, construct, own and operate the projects and our public partners purchase the power under a long term power purchase agreement and site lease agreement. Most of our large-scale solar PV projects are developed on blighted land (e.g. closed landfills and brownfields) or other low-utility public land. We are working with several NH municipalities to try to develop large-scale solar PV projects on similar public lands for their benefit, and these projects would rely on the C&I Rebate Program for economic viability.

With this as context, and as our highest priority comment, we would like to reiterate our concern regarding the significant proposed reduction in the Category 2 incentive level and the project funding cap. It is our opinion that this reduction will render most, if not all, public private partnership solar PV projects economically unattractive. We will attempt to briefly illustrate why in the following paragraphs.

Publicly financed PV projects have an inherent disadvantage in that the federal investment tax credit cannot be monetized by public entities. This is the reason that nearly all public PV projects are financed and owned, under the model described above, by private (i.e. taxable) entities. In this model, the public entity must be willing to enter into a long-term power purchase agreement (PPA) to enable private financing of the project. The terms of such an agreement must provide the public entity with a clear financial benefit as an inducement to enter into the agreement, typically a lower rate than they are currently paying for retail electricity. Due to the

size and engineering constraints of many public buildings, most large-scale municipal solar projects are best suited for development on low utility public land such as closed landfills or other impacted sites, as well as aquifer protection land and other low utility or under-used sites. These sites generally have no significant onsite electrical load, and the PV projects therefore must participate in the PUC's group net metering program so that the output from the PV systems can be applied "virtually" to the various electrical accounts of the municipality. Under the rules of the group net metering program, the kWh output from the PV project is applied only against the utility's default supply rate. By comparison, the output from traditionally net-metered projects serves to displace all kWh supply costs as well as any kWh-based delivery costs. Therefore, the "avoided cost" for a typical group net metered project may be considerably lower than a typical traditionally net metered project, and the purchase rate that the municipality will be willing to accept in the power purchase agreement will be lower as well. All things being equal, lower PPA rates mean decreased ability to finance the required system capital costs.

Further, we would point out that by comparison, the development, installation and operations costs for solar projects developed on contaminated land are often higher than the costs for similar projects on non-contaminated land. This is due to additional permitting and design costs, as well as installation premiums associated with additional construction requirements to avoid or mitigate further environmental impacts. Given the same incentive levels, these cost premiums render such projects economically less desirable.

In our opinion, the C&I incentive program should not disfavor public sector entities that wish to develop appropriately sited, larger scale PV facilities using private sector funds under the group net metering program as described above. Nor should the incentives be structured to disfavor the development of larger, ground mounted solar PV projects on land that is otherwise well-suited to host such projects. Indeed, there are clear benefits of favoring solar development on such sites over the development on agricultural or forested land.

As a remedy, we would urge the commission to consider restoring the former Class 2 incentive levels and project funding limits for publicly hosted group net metering projects developed on landfills and other contaminated sites.

There are several other comments to the proposed changes that we would like to note as well. These include:

- Remove the maximum system size limit (Table 2, Item1). Note that the incentive levels (items 4 & 8) already limit the per project incentive funding.
- Clarify the "Electric Meter Type and Rate Class" requirements (Table 2, Item 9) for group net-metered projects with a new service for the project.
- Clarify the "Electric Load Requirements for PV" (Table 2, Item 11). Specifically, for a group net metering project, indicate whether there is any load requirement for the host meter, and clarify how the group load can be demonstrated if required.

In closing, we would like to commend PUC staff for their work in developing the proposed program modifications. Thank you again for the opportunity to comment on the restructuring of this important program.

Regards,

Hank Ouimet, PE (FL), LEED AP
Managing Partner